



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**FILED**

Order Instituting Rulemaking Into Implementation of  
Federal Communications Commission Report and Order  
04-87, As It Affects The Universal Lifeline Telephone  
Service Program.

) Rulemaking 04-12-001 12-14-07  
) (Filed December 2, 2004) 04:59 PM  
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**OPENING COMMENTS OF COX CALIFORNIA TELCOM, LLC,  
DBA COX COMMUNICATIONS, ON THE ASSIGNED  
COMMISSIONER'S RULING SETTING SCOPE OF PHASE 2**

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Dated: December 14, 2007

## **I. Introduction.**

Pursuant to the Commission's Rules of Practice and Procedure, Cox California Telecom, L.L.C., *dba* Cox Communications (U 5684 C) ("Cox") submits these timely comments on the Assigned Commissioner's Ruling Setting Scope of Phase 2, dated November 14, 2007 ("AC Ruling").

Cox appreciates the Commission's leadership in addressing past obstacles that consumers, carriers and Solix have incurred in implementing the current Lifeline program rules and commends the Commission for successfully increasing the response rates of consumers newly subscribing to Lifeline and those verifying their Lifeline subscription. Cox supports the Commission opening Phase 2 of this proceeding and continuing to improve the Lifeline subscriber rates and the overall effectiveness of the Lifeline program. In light of the significant changes that Lifeline subscribers and carriers have experienced, however, the Commission should be cautious in switching to a pre-qualification process or making other significant changes to the Lifeline program in the near term.

## **II. The Commission Should Determine If A Pre-Qualification System Is Consistent With the Goals of the Lifeline Program.**

The AC Ruling solicits comments on whether the Commission should modify the Lifeline program and require consumers to pre-qualify prior to receiving discounted Lifeline telephone service. Under the current rules, upon a consumer's verbal confirmation that she satisfies the given eligibility requirements, she is enrolled in the Lifeline program and immediately receives the benefits of Lifeline service. Provided that the consumer properly completes and timely returns the certification forms that she received from Solix, she remains enrolled in Lifeline. If she fails to return the forms or otherwise does not qualify for Lifeline, she is removed from the program and required to pay amounts that would have been owed for regular telephone service from the date she was enrolled. Cox understands that under a pre-qualification system, this consumer would not be enrolled in Lifeline or receive Lifeline benefits until after she timely returned to Solix her certification forms and Solix confirmed her eligibility.

While the AC Ruling solicits comments on the benefits and disadvantages of a pre-qualification process, this is not the first time the Commission has considered this issue. Upon opening this proceeding, the Commission considered whether the FCC's rules pertaining to Lifeline subscribers that qualify based on income eligibility prohibited the Commission from enrolling such subscribers upon first contact with the carrier.<sup>1</sup> In response to parties' comments and after discussions with the FCC on this matter, the Commission concluded that income-based subscribers must present income documentation

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<sup>1</sup> Whereas 47 C.F.R. § 54.409(d) requires carriers to obtain a signature from a consumer subscribing based on her participation in a given program, 47 C.F.R. § 410(a) requires consumers subscribing based on income-based criterion to present documentation of income "prior to enrollment in Lifeline."

prior to being enrolled in Lifeline.<sup>2</sup> Decision 05-04-026, however, clarifies that such consumers will receive Lifeline benefits prior to enrollment:

[C]ustomers should be able to be enrolled in the ULTS program at the time they present their income documentation. *The ULTS customer will be eligible for reduced service establishment charges, and will not have to pay a deposit before initiating service.* However, if the TPA later makes a determination that the customer is not eligible for ULTS, the customer will be back-billed at regular rates.

We support this interpretation of the FCC's rule because it simplifies the process and allows those who enroll in the program to be eligible for the ULTS discount from the time they sign up for service and present their income documents. It also allows us to have the same rules for customers applying under the program-based criteria.<sup>3</sup>

Indeed, the process adopted in D.05-04-026 and currently in place is consistent with the Commission's long-term practice of signing consumers up for the Lifeline (formerly ULTS) program "pending their completion of the proper paperwork."<sup>4</sup> Later, in D.05-12-013, in response to parties' workshop comments and the Staff Workshop Report, the Commission clarified the process and expressly required carriers to enroll consumers in the Lifeline program on first contact. The Commission concluded:

At the workshops, the participants made clear their preference to process a customer's enrollment in the ULTS program one time. From the discussion in the workshop, it was obvious that they also agreed that the best time to enroll customers was at the point of the first consumer contact.<sup>5</sup>

The Commission also clarified that carriers would not be responsible for any bad debt associated with discounts provided to consumers who did not qualify for the program and did not pay corresponding backbilled amounts.<sup>6</sup>

Before changing the existing process, Cox suggests that the Commission determine whether a pre-qualification process will best serve Lifeline subscribers, whether now is the best time to implement such a system and whether any circumstances have changed since the Commission adopted D.05-04-026 and D.05-12-013 that require a system change. While the pre-qualification system may have administrative benefits,<sup>7</sup> it's not clear that subscribers will benefit. Simply, the point of the program is to make telephone service accessible to low-income consumers as they can least afford to pay up-front service and installation fees. Requiring them to either pay the regular charges up front or to wait several

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<sup>2</sup> D.05-04-026, COL No. 7.

<sup>3</sup> Id., pp. 19-20.

<sup>4</sup> Id., p. 19.

<sup>5</sup> D.05-12-013, p. 8.

<sup>6</sup> Id., pp. 28-29, COL No. 1.

<sup>7</sup> See AC Ruling, p. 5.

weeks before receiving discounted telephone service is likely to be very burdensome, and moreover, not wholly consistent with the mandate of the Lifeline program.

The AC Ruling states, and Cox agrees, that a pre-qualification process would simplify the enrollment process for both Solix and carriers.<sup>8</sup> However, if required to switch from the current process to a pre-qualification process, carriers will likely incur costs that they otherwise would not have incurred. These costs would include modifying scripts for customer service agents, increased calls to carriers' call centers and increased credit and collections activity, as well as other internal practices and procedures. In addition, carriers (either individually or in conjunction with affiliated entities) that provide multiple services, such as Cox, will incur the additional expense, and Lifeline consumers the additional burden and inconvenience, of Cox "rolling two trucks" to install services that are presently installed at the same time. Accordingly, the Commission must weigh the possible advantages of a pre-qualification system against these potential increased Lifeline program costs and the impact on low-income consumers.

Cox cautions the Commission from making any significant changes to the Lifeline program in this proceeding at this time. The Commission, Solix, carriers and consumers have worked hard over the last two years to integrate the third party administrator and to otherwise implement the current rules initially adopted in D.05-04-026 and subsequent decisions and rulings. The Commission should ensure that the current program has completely stabilized prior to adopting significant changes that are not imminently necessary. Additionally, the Commission is considering rules in another docket that could significantly impact the Lifeline program.

In R.06-05-028, the Commission may modify the definition of basic service such that wireless carriers could participate in the Lifeline program.<sup>9</sup> In that same docket, the Commission also solicited comments on whether the Commission should adopt a fixed benefit amount that would be allocated to Lifeline consumers in light of the fact that URF ILECs will have the ability to increase basic service rates.<sup>10</sup> The Commission adopting rules on either of these matters would significantly impact the Lifeline program and Lifeline consumers. To avoid the disruption and confusion that occurred when carriers implemented the rules updating the Lifeline program to be consistent with the federal rules, the Commission should carefully prioritize and coordinate the implementation of any future changes to the Lifeline program.

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<sup>8</sup> Id.

<sup>9</sup> Rulemaking on the Commission's Own Motion to Review the Telecommunications Public Policy Programs, R.06-05-028 (filed May 25, 2006), Order Instituting Rulemaking on Telecommunications Public Policy Programs, dated May 25, 2006, p. 21.

<sup>10</sup> Rulemaking on the Commission's Own Motion to Review the Telecommunications Public Policy Programs, R.06-05-028 (filed May 25, 2006), Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge Determining the Scope, Schedule and Need For Hearing in the Proceeding, dated July 13, 2007, pp. 3-6.

### **III. Income-Based Eligibility For Lifeline Subscribers.**

Consumers may qualify for Lifeline based on their enrollment in certain programs or based on their income. The AC Ruling notes that other states do not have income-based eligibility for their respective low-income programs and eligibility in those states is based solely on a subscriber's participation in given program. The AC Ruling questions whether the Commission should do the same. The ruling, however, does not include data detailing the number of Lifeline subscribers that qualify based on income, the response rates of those qualifying on an income-basis (or such response rate compared to the rate of those that qualify on a program-based) or other details relevant to how income-based eligibility impacts the current Lifeline program. Without such data or any other analysis, it's not clear to Cox what the Commission seeks to achieve by eliminating eligibility based on income or the impact of such decision on Lifeline consumers. Cox looks forward to reviewing other parties' comments on this matter and providing further comment, as applicable.

### **IV. Conclusion.**

Cox supports the efforts and progress that the Staff and the Commission have made in improving the Lifeline Program. The Commission modifying either the definition of basic service or how the Lifeline subsidy is calculated and allocated will have a significant impact on the Lifeline program, and thereby, Lifeline consumers. To ensure future success and to avoid unnecessary disruption, the Commission should carefully coordinate the implementation of any new rules, whether adopted in this proceeding or others, that impact the Lifeline program.

Dated: December 14, 2007

Respectfully submitted,

/s/

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**DOCKET OFFICE**

**PROOF OF SERVICE**

I, Margaret L Tobias, the undersigned, hereby declare that, on December 14, 2007, caused a copy of the foregoing:

**OPENING COMMENTS OF COX CALIFORNIA TELCOM, LLC,  
DBA COX COMMUNICATIONS, ON THE ASSIGNED  
COMMISSIONER'S RULING SETTING SCOPE OF PHASE 2**

in the above-captioned proceeding, to be served as follows:

- ☒ [ X ] Via hand-delivery and US Mail to the Assigned Commissioner
- ☒ [ X ] Via email service and US Mail to Administrative Law Judge
- ☒ [ X ] Via email or US Mail service to all parties included in the attached service list

Dated: December 14, 2007 at San Francisco, California.

/s/

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Margaret L. Tobias

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